Synopsis

on

A Study of Risk Disclosure Practices in Indian Corporate Sector

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1. Introduction

In recent decades, growing interest has been witnessed in the disclosure of risk information. The major corporate failures (like WorldCom, Enron, etc.) are the impact of opaque and poor risk reporting practices (Rajab & Handley-Schachler, 2009). Risk is increasing in businesses in India due to continuous changes in government policies regarding foreign direct investment, customs, etc. But now, risks are taken as opportunities, not as threats. Risk disclosure reports firms' major risks and their anticipated economic impact on their current and future performance. There are several types of risk: Financial risk, Market risk, Operational risk, Strategic risks, Legal and Political risk, etc. These are nowadays, voluntarily disclosed by the companies in their reports. Corporate risk disclosure has long been considered a main point of corporate communication, as sufficient disclosure of risk information in annual reports will reduce the anxiety of investors and induce investors to make a vigorous investment decision.

In India, owing to major financial scandals such as Satyam, corporate risk disclosure has gained attention. There is an urgent need for effective government regulations for risk disclosure (Saggar and Singh, 2017). Managers use financial reporting and disclosure to transfer and communicate a firm's performance and governance to the outside world. This risk knowledge disparity leaves investors being unable to adequately identify the risk/return performance of a business and consequently fail to take into account the scale and risk categories in their investment strategies (Solomon *et al.*, 2000). “The lack of adequate risk disclosure highlights the need to identify the nature and determinants of risk reporting in corporate annual reports in a different context, especially in emerging economy countries” (Mokhtar and Mellett, 2013).

Developed countries demanded and applied some regulations for proper transparency and sufficient corporate risk disclosure. In Finland, risk reporting is highly regulated and driven, as in Germany and it mandatory for the firms to do adequate corporate risk disclosure in their reports (Mazumder and Hossain, 2018). “This gives rise to anticipation that companies listed in more than one country such as multinational corporations, most of the time are disclosing more about risks than other companies

do, as they attempt to meet the obligations of their exciting regulators, in addition to any particular demands of the other regulators" (Adamu, 2013). The level of disclosure of risk in Indian companies is very limited and there is no quantitative data and there is a strict need for some legislation that could resolve this problem and work on higher information quality (Berger, 2012). So, there is a need for high domestic standards on corporate risk disclosure practices in the Indian context. It would help the shareholders and investors in assessing their risk and take prudent investment decision.

2. Review of Literature

This section deals with the review of the literature pertaining to the current research and dimensions. The review of literature covers the nature and determinants of corporate risk disclosure and impact of firm characteristics and corporate governance on corporate risk disclosure for the broad understanding of the concept. In This section review of various studies has been done on corporate risk disclosure in India and other countries in chronological order.

Corporate Risk Disclosure practices

Solomon *et al.* (2000) investigated the disclosure aspects related with attitudes of institutional investors to the exposure of risk-related information The study examined the existing risk level that was reported in reports to find whether it was satisfactory or not. The researcher studied various forms of risk disclosure, adequate vehicle for reporting risk-related information, need of improved voluntary structure for disclosure or necessary legislation and regulation. The researcher also examined the relationship between institutional investor's perceptions of corporate governance and investor's investment horizons. The data was collected from 552 institutional investors through questionnaire. Six hypotheses were developed and chi-square was applied for testing these hypotheses. Respondents were found to be keen to see any improvement in the degree of risk disclosure and improvements in the disclosure of corporate risk could be enticing within the corporate governance reform agenda. Instead of a general declaration of business risk, risk data should follow individual and comprehensive reporting. The voluntary disclosure system should be maintained as well. The attitude of institutional investors towards corporate governance has not been excessively strong. There were moderate perceptions of corporate governance issues and disclosure of corporate risk.

Berger (2012) provided insights into India's risk reporting practices. The sample size was 26 taken from SENSEX 30, representing all types of industries and based on the index constitution as on the 30th June 2009. The complete annual reports of 2008-2009 of these companies were analysed by

content analysis. The result showed that no knowledge about the distribution functions of the mentioned risks was included by the companies. As part of their report, none of the firms included any risk controls. "Three businesses, Hindustan Unilever, Hero Honda, Infosys Technologies, provide their beta as a type of overall risk measure or proxy for their risk exposure, and four businesses qualitatively report their overall risk exposure, e.g. as "highly risky" (ONGC Limited) and other businesses did not include any risk exposure information. The risk disclosure quality was very low and no information was in a quantitative form in the Indian context. It was suggested that need for some regulations which would address this issue and work on higher information quality.

Adamu (2013) investigated stakeholder's perspective regarding prospect attached to corporate risk disclosure in Nigeria. The data was collected through questionnaires from the shareholders, stockbrokers, investment analysts, and bankers. A sample of 230 respondents had been taken for data collection. The method used for analyse was descriptive statistics. The study found that corporate risk disclosure enhanced the corporate transparency in Nigerian companies, reduce the problem of stock valuation and it facilitates the companies about effective risk management practices. It also helped the analyst to make their forecast for earning with reasonable accuracy.

Ali and Taylor (2014) proposed the nature, extent and types of risk information disclosed in the annual reports of companies in Malaysia. For the year 2009, samples were taken from the top 200 companies listed on the basis of market capitalisation on the Bursa Malaysia Main Board. The data were coded using content analysis and aggregated according to the number of sentences in which pre-determined risk-related keywords appeared. It classified risk disclosure sentences into four categories: operational risk, environment risk, financial risk, and strategic risks. The study revealed that the highest kinds of risk disclosure in annual reports were financial risk and operating risk disclosures. There was not a comprehensive scope of risk-related information disclosed by companies in their annual reports and according to the relevance of risk information towards investors and stakeholders, the textual content in annual reports was found to be relatively limited or vague.

Elkelish and Hassan (2014) investigated the relationship between organizational culture and disclosure of corporate risk in the United Arab Emirates (UAE). The data was collected from 41 annual financial reports for the year ending 2005 of listed companies in the Dubai financial market and Abu Dhabi stock exchange. Multiple regression analysis model, non-parametric krushal-Wallis H test, correlation matrix, and ordinary least squares have been used to calculate the relationship of corporate risk disclosure and other organizational culture variables. The study found that the organizational culture of the hierarchy had a substantial positive impact on the disclosure of corporate

risk in the UAE business environment, and concluded that formalized rules and procedures allow greater harmony with the disclosure of risk to international best practices.

Achmad, Faisal and Oktarina (2017) investigated whether corporate governance and firm characteristics were the determinants of risk disclosure or not. The study analysed the effect of corporate governance indicators on the risk disclosure of Indonesian publicly listed firms, such as an independent committee of commissioners, institutional ownership, management ownership, and firm size and financial performance. The 118 annual reports of companies listed on the Indonesia Stock Exchange (IDX) during the 2013 were used to test the hypotheses. The data was obtained from the annual reports, the websites of the firms, and Bloomberg. Multivariate regression analysis was used to analyse the results. The outcome showed that the audit committee, the size of the company, and the financial performance were all positively linked to the degree of the disclosure of risk. The level of risk disclosed in Indonesia was relatively low (32%) and the regulations of the government were not completely enforced by the companies listed in IDX.

Mazumder and Hossain (2018) reviewed a comprehensive literature on corporate risk disclosures to identify the current regulations on risk reporting, existing trends of corporate risk reporting research and theories applied in the research. The literature review done in the paper also identified gaps and some opportunities for future study by analysing them. It was found that in Indian context, Securities and Exchange Board of India (SEBI) issued revised clause 49 listing agreement to Indian stock exchange in which it provided guidelines for corporate risk disclosure. It was quasi-voluntary for Indian corporates to disclose the risk information. But it was found that investors' confidence could increase through better risk reporting practices, and by using risk disclosure, non-managerial stakeholders could make more informed economic decisions. However, it was also found that the degree of transparency in the Indian context was inadequate and there were no adequate risk disclosure guidelines. The study also observed that company size was the main factor influencing risk disclosure. It was found that few studies had been conducted in developing and underdeveloped economies. Most of the studies were quantitative in nature. Risk reporting was mostly descriptive in form and lacked guidelines and need in-depth analysis of any particular sector. The larger firm discern more risk disclosure as compared to smaller firms. The industry-wise analysis showed that computer programming industry discloses more risk as compared to rubber and plastic goods industries. It insinuated that firm's profitability and liquidity discern negative relation with risk disclosure.

Khandelwal *et al.* (2019) reviewed the literature on Financial Risk Reporting Practices (FRRP) to suggest the relevant risk reporting measure in the world. The review paper provided a comprehensive

study on the corporate risk disclosure practices across the globe and highlighted the importance of risk reporting and future research agenda for the researchers. The 61 articles published from 2000 to 2018 had been reviewed. It used Systematic Literature Review (SLR) methodology. The result indicated that the existing studies used single time period data analysis for which generalization of findings was limited. It was suggested that further research in the field of risk disclosure practices could be done after incorporating country-specific laws and regulations along with global standards.

Shivaani, Jain and Yadav (2019) measured the quality (richness) and quantity (amount) of risk disclosure in Indian companies by developing a Risk Disclosure Index (RDI). The study also revealed that the semantic properties of risk items listed have changed over the time span determined. Data were obtained from 3,872 annual reports of the Nifty-500 index of non-financial Indian companies for the period of 10 years from 2005 to 2015. The index was in the form of a normative system, covering 50 risk sources and 10 risk management products. Manual textual analysis was used by researchers and risk items were scored using an ordinal scale. The majority of Indian companies have been found to be primarily due to the non-disclosure of most risk products. A substantial improvement in overall RDI quality in the post-recession period relative to the pre-recession period has been found. The age of companies has had a statistically important effect on the standard of risk disclosures; middle-aged firms appear to make disclosures substantially better than old and newly formed firms. It also suggested that international risk reporting standards should be made mandatory.

Bin Kiflee, Bin Ali Khan and Bosi (2020) reviewed the previously available literature to assess the trend of risk disclosure in annual reports of Malaysian listed companies and determined the influence of factors of corporate governance on the level of risk disclosure in the annual report of listed companies in Malaysia. The study also contributed in understanding of the risk characteristics as mentioned in previous studies. The data was collected over the year 2008 to year 2017. The study found that risk disclosure practice was important to potential shareholders to attain relevant risk information. Information should be disclosed on corporate website timely. The information showed in annual reports was incomprehensive and rather vague in nature. There was a need of more clear statements and more transparency in company risk profile which allowed markets to correctly assess the company performance.

Corporate Risk Disclosure and Firm Characteristics

Rajab and Handley-Schachler (2009) explored how companies responded to changes in regulatory developments and other pressures on corporate risk disclosure practices. The study examined the

relationship between firm-specific characteristics and corporate risk disclosure. A sample of 52 non-financial companies listed in the FTSE 100 index was taken for three different time periods for the year 1998, 2001, and 2004. Total 156 annual reports of these companies were collected and analysed by using descriptive statistics, content analysis, Wilcoxon signed-rank test, t-test, Pearson correlation coefficients, one way ANOVA test and Mann-Whitney U test. It was revealed that the comparison made over the period from year 1998 to year 2004 for corporate risk disclosure patterns showed increased amount of risk disclosure in the annual reports, and this pattern was affected by the guidelines of accounting legislation and accounting institutes. The negative relationship was found between firm size and leverage on the one hand and corporate risk disclosure on the other. A positively significant relationship was found between US dual listing and involvement of heavy industry with the level of risk disclosed by the studied companies.

Elzahar and Hussainey (2012) contributed to the existing risk reporting literature by examining the determinants of narrative risk information in interim reports using UK settings. A sample of 72 UK non-financial listed companies of FTSE 100 was taken. Interim reports of companies and manual content analysis were used for data collection. For data analysis, ordinary least squares regression analysis was applied. The result showed that larger firms were more likely to disclose risk information in their interim reports as compared to smaller firms in size. The study concluded that industry activity type was positively associated with the levels of corporate risk disclosure in interim reports. But an insignificant statistical relationship between firm-specific characteristics (profitability, cross-listing, gearing, and liquidity) and corporate governance mechanisms on narrative risk disclosure was found by this study.

Khlif and Hussainey (2014) reviewed the literature to identify the factors affecting the firm's decision to report risk information. For the determinants of risk disclosure, empirical literature offered mixed results. The 42 empirical studies from 2004 to 2014 were reviewed. These articles were taken from top-ranked journals (AAA, Elsevier, Springer, Taylor and Francis and Willey-Blackwell) and some decent journals (Inderscience, Macmillan and Emerald). For summarizing and analyzing previous quantitative scientific literature, meta-analysis was used. The study analyzed five moderating variables, including the legal system, the level of avoidance of uncertainty, disclosure regimes, types of industries, and the proxies used to measure the relationship between leverage, profitability, size, risk level, and disclosure of risk. It was concluded that under the voluntary disclosure regime and industry forms, corporate size and the leverage ratio were favorably correlated with risk reporting. In high uncertainty-avoidance settings and industry forms, corporate size and profitability were positively correlated with risk reporting. A non-significant association between risk

reporting and these four company features was observed using a study of both financial and non-financial firms.

Hassan (2014) developed a framework to assess the risk disclosure quality and examined the determinants of risk disclosure quality practices in Egypt. The framework was based on four criteria: relevance, understanding, comparability, and verifiability. The study was conducted on 27 Egyptian listed companies for the period of 2006-2010. The data was collected by using their annual reports and reports of the board of directors, consisting of 135 observations. The data was analysed with the help of descriptive statistics and regression analysis. The findings showed that the size of the company and the amount of debt were the most vital determinants of the standard of risk disclosure. The outcome revealed that in the Egyptian context, all other variables (i.e. profitability, book to market value, and audit firm size) do not determine the standard of risk disclosure. For comparability, comprehensibility and validity of risk disclosure, the organization size was positively correlated, suggesting that larger organizations reveal more quality information about their risks than smaller ones. The level of leverage was negatively related to the understanding model in a significant way, implying that companies with a high level of leverage reported less accessible risk information than companies with a low leverage level.

Habtoor *et al.* (2017) examined the relationship between the level of corporate risk disclosure practices in the Saudi companies relating to firm-specific. The sample comprised of 307 non-financial company–year observations. The data collected from the companies' annual reports from listed companies on the Saudi Stock Exchange over the period of 2008-2011. The methods used for analysing the data were descriptive statistics, panel data analysis, ordinary least squares, Lagrange's multiplier approach, f-test, and Pearson correlation matrix. The result revealed that the level of corporate risk disclosure was moderate than those reported in some developed and developing countries. Risk information disclosed by Saudi companies was of low quality. The role of firm size and audit firm size was positively associated with corporate risk disclosure and found these key determinants of corporate risk disclosure in Saudi Arabia. The negative relationship found between leverage and corporate risk disclosure.

Saggar (2018) analysed the relationship between firm-specific characteristics and risk disclosure in Indian companies. The secondary data was collected from annual reports of Nifty 39 non-financial companies listed on the National Stock Exchange of India as of 22nd April 2015. Multiple Linear Regression analysis was used to analyse the data. The results showed that the company size was substantially and positively linked to the disclosure of risk. The level of risk and profitability in the

narratives of the annual reports does not foresee any effect on the disclosure of risk information. In the Indian companies, one vital observation was that the word 'opportunity' surpasses the word 'risk' for risk disclosure signified that Indian companies optimistically project risk in the annual reports.

Corporate Risk Disclosure and Corporate Governance

Abraham and Cox (2007) examined the amount of narrative risk information in the annual reports of the UK and their relationship with board of directors, institutional ownership and US dual-listing traits. The sample of firms comprised the constituents of the FTSE 100 index for the year 2002. The content analysis was selected to examine difference in the degree of risk reporting among the sample firms. It contained three kinds of narrative risk information: financial risk, market risk and risk of internal control. The data was analysed using Tobit model, descriptive statistics, truncated regression technique, and robustness test. The result suggested that corporate ownership by long-term institutions was negatively related to risk reporting and vice-versa. The class of board directors revealed that in risk reporting, executive and independent directors were relevant and that dependent non-executive directors were not aligned to the risk reporting level. It also found that UK businesses with a listing on the US stock exchange reveal more risk information than non-US-listed UK firms in their UK annual report.

Lajili (2009) examined the relationship between structures of corporate governance and the conduct of risk disclosure in Canada. A sample of 225 firms of the largest Canadian companies represented by TSX 230/S&P in 2002 was taken with a focus on voluntary disclosure of risk management, i.e. risk details reported above and beyond the required criteria and controlling for industry-specific. By descriptive statistics and content analysis, the information was analysed. Both logistic and multiple regression models and Pearson correlation coefficients were used to research the relationship between corporate governance and risk disclosure. It was found that if a corporation was bigger and the board of directors had more independent members, then it was more likely for Canadian public companies to report information on risk management over and beyond the required risk disclosures. Minority vote power ownership arrangements also seemed to have a negative effect on risk disclosure and mixed outcomes were shown by CEO incentive compensation.

Mokhtar and Mellett (2013) measured the level of voluntary and mandatory risk reporting. In the annual reports of Egyptian firms, they studied the effect of corporate governance, ownership structure, and competition on risk reporting practices. In the annual reports of Egyptian firms, a number of theoretical perspective theories such as proprietary cost, agency theory, stakeholder theory,

political cost, signaling theory, and credibility theory were used to design hypotheses and classify the possible determinants of risk reporting. The cross-sectional approach was used on a sample of 105 non-financial listed companies of Egyptian Exchange (EGX) for the year 2007. Two approaches of coding data had been used: disclosure index for measure compliance with mandatory risk reporting and content analysis for identifying voluntary risk reporting extent. For examined the relationship between competition, corporate governance, ownership structure, and risk reporting multiple regression had been employed. Egyptian companies have been found to provide a low degree of compliance with the criteria for mandatory risk reporting and to lead to the disclosure of more qualitative and backward-looking voluntary risk reporting. The main determinants of risk reporting in the annual reports of Egyptian companies were competition, role duality, board size, ownership concentration, and auditor form.

Zhang *et al*. (2013) investigated the coalition of institutional shareholders and audit committees towards the corporate risk disclosure. The sample of 66 Australian listed companies in the Australian Stock Exchange (ASX) on the year ended in 2009 was taken. The data was collected from Compustat-SandP Research insight, and DatAnalytics databases, and hand-collected annual reports of companies. The data was analysed by using content analysis, descriptive statistics, correlation analysis, and poison regression model. It was found a negative association between committed institutional block shareholders and risk disclosures, and a positive association between transient-type institutional block shareholder and risk disclosure. The effect of audit committee independence was found significant positive association with many risk disclosure division.

Saggar and Singh (2017) examined the relationship between corporate governance with the form of board attributes and ownership concentration effect on risk disclosure in the Indian listed companies. The study emphasized the need for effective regulation of corporate governance to enhance the mechanism of risk reporting and propels to analyse risk disclosure in the Indian context. A sample of 100 non-financial Indian listed companies of annual financial report of 2013-2014 was taken. Multiple regression method was used for data analysis. The result revealed that under the heading "Risk and Concerns," the organization should converse about risk as part of the director's report or management discussion and analysis report. The concentration of ownership with the largest shareholder had an insignificant impact on the disclosure of risk, but board size and gender diversity had a substantial positive impact on the disclosure of risk.

Agyei-Mensah and Buertey (2019) measured the influence of culture and corporate governance on corporate risk disclosure in Nigeria and South Africa, two large African economies at the south of

the Sahara. A sample of 500 firm-year observations listed on the Johannesburg stock exchange and Nigeria stock exchange (NGSE) for the period 2013 to 2017 was taken. The data collected mainly from the firm's website and annual reports. The data were analysed through OLS regression analysis and correlation analysis. It was concluded that cultural values matter in the corporate risk disclosure. The role of cultural values was a function of firm-level and country-level characteristics and cultural value role was considered in harmonizing risk disclosure. In corporate governance two factors namely, institutional ownership and profitability were positively and statistically related to the value of the corporate risk disclosure. Remaining factors of corporate governance found no statistically significant relationship with the value of corporate risk disclosure.

Alkurdi *et al.* (2019) emphasized the role of corporate governance aspect on corporate risk disclosure for the Jordanian Banks. The study employed two types of disclosure (voluntary and mandatory) to extract risk-related disclosure information and corporate governance variables. Researcher took a sample of all listed Jordanian Banks (15 banks) from 2008 to 2015. All banks' annual reports were reviewed and analysed by using descriptive analysis, correlation, and regression analysis. For analysis, firstly researcher constructed an unweight disclosure index based on IFRS 7 requirements. The result revealed that leverage and profitability were primary risk disclosure driving forces. Corporate governance characteristics such as the size of the board and independent board (non-executive directors), division of duties, and meetings of the audit committee had a statistically positive effect on the voluntary risk disclosure. Independent directors and the composition of the audit committee had a major positive impact on the reporting of mandatory risks.

Saggar and Singh (2019) identified the factors of corporate risk disclosure in the Indian Non-financial listed companies. They used secondary data. A sample of 318 companies from Business Today's list of top 500 companies had been taken over period of 2009-2014. The data analysed by using panel data regression and extracted from the capitaline database and moneycontrol website. The variables such as firm performance, board characteristics etc., had been taken from ACE Equity and Prowess database. It was concluded that corporate governance had a positive significant relationship and effect on corporate risk disclosure data in the form of board size, gender inequality in the boardrooms and independent board directors. The CEO role duality had negative significant drivers of risk information. Researcher stated that good governance was a fundamental factor for more risk disclosure.

Wachira (2019) measured the relationships between corporate governance and disclosure of corporate risk in Kenya. A sample of 48 listed non-financial companies in the Nairobi Securities

Exchange (NSE) was taken. The data was collected from listed companies' annual reports for the period of 2010 to 2016. The data was analysed using panel data analysis. The study found that the degree of risk disclosure was substantially influenced by non-executive directors, ownership concentration, foreign ownership, and the proportion of women on the board. The level of risk disclosures was negligible in terms of government ownership, cross-directorship, role duality, involvement of the audit committee and board size.

Haj-Salem, Ayadi and Hussainey (2020) investigated the combined impact of corporate risk disclosure and corporate governance on corporate value in Tunisia. The study tested whether there was a complementary or substitutive relationship between the disclosure of corporate risk and corporate governance and their impact on company value. A sample of 156 firm-year observations of non-financial companies listed on the Tunisian stock exchange was taken during 2008-2013. The data collected from companies' websites, annual reports, and the Stock Exchange of Tunis (BVMT) website. The data was evaluated by using descriptive statistics, correlation matrix, and robustness test. The Tobin's Q was used for measuring the firm value. The outcome showed that the disclosure of corporate risk and family ownership had a substantial negative impact on business valuation. The size of the board, the independence of the audit committee, and the participation of women on the board contribute to higher firm values. The disclosure of corporate risk and corporate governance had a substitutive influence on the business value, indicating the disclosure of corporate risk with the existence of good corporate governance leads to lower company value.

Khandelwal *et al. (*2020) aimed to identify the determinants of the disclosure of corporate risk and to investigate Indian companies' corporate governance practices and their effect on the disclosure of risk. A sample was taken of 205 top Indian non-financial firms listed on the Bombay Stock Exchange (BSE). They reviewed annual reports consisting of 16,605 firm-year findings for the fiscal years 2010-2018. To assess the relationship between corporate governance and corporate risk disclosure, descriptive statistics and regression analysis were used. For the theoretical context, the generalized approach of moments (GMM) was used. The data was analysed with Eviews10 software. The outcome indicated that board diversity was positively correlated with the disclosure of corporate risk as calculated by gender. There was a substantial positive and negative correlation with the involvement of non-executive directors and multiple directorships, indicating mixed evidence for Indian firms. The size of the board, executive directors, and independent directors did not have any substantial effect on the disclosure of corporate risk in Indian non-financial companies.

3. Research gap

From literature review it can be seen that there is meagre research on the corporate risk disclosure practices have been undertaken in Indian scenario. It is in preliminary stage in India. Corporate risk disclosure plays an important role for stakeholders in decision-making. In fact, it plays an imperative role for the capital market functioning. Therefore, there is a need to study corporate risk disclosure in Indian corporate sector.

4. Research Methodology

Research methodology is the systematic approach used to find solution for any research problem. The research methodology covers the objectives of the study, hypothesis of the study, nature of the study, scope of the study, sample design, variables of the study, data collection and data analysis tools, relevance of the study, organisation of the study, and limitations of the study.

4.1 Objectives of the Study

- To study the conceptual framework of corporate risk disclosure practices in Indian corporate sector.
- To study the relationship between various firm characteristics and corporate risk disclosure practices.
- To study the relationship between elements of corporate governance and corporate risk disclosure practices.
- To examine the investors' perception about the corporate risk disclosure practices.
- To provide suitable corporate risk disclosure practices suggestions for improved performance of Indian corporate sector.

4.2 Hypothesis of the Study:

H_0. (1): There is a statistically insignificant relationship between firm size and risk disclosure practices.

H_0. (2): There is a statistically insignificant association between leverage and corporate risk disclosure.

H_0. (3): There is a statistically insignificant association between profitability and corporate risk disclosure.

H_0. (4): There is a statistically insignificant relationship between board size and the extent of corporate risk disclosure.

H_0. (5): There is a statistically insignificant relationship between number of executive directors on the firm's board and the extent of corporate risk disclosure.

H_0. (6): There is a statistically insignificant relationship between number of board meetings and the extent of risk disclosure in the Indian listed companies.

H_0. (7): Corporate risk disclosure plays no significant role in deciding the investor's preference.

4.3 Nature of the Study: The nature of the proposed research work is exploratory cum descriptive in nature.

4.4 Scope of the Study: Geographical area of the research work will be confined to BSE listed companies with registered office situated in North India.

4.5 Sampling Design: Simple random sampling method will be used to select the sample companies. The list of Indian companies will be taken from BSE listed companies. The sample size of the study is proposed to 150 companies and equal numbers for the investors but it can be increased or decreased according to requirement of study.

4.6 Variables of the Study: Independent variables are firm size, profitability, leverage, board meetings, board size, and executive director on the firm's board and dependent variable is corporate risk disclosure categorized as market risk, operational risk, financial risk, strategic risks, legal and political risk, etc. as per the need of the study.

4.7 Collection of Data: In the proposed research both primary and secondary data will be used. The primary data will be collected from financial analyst and investors through structured questionnaire. The secondary data will be collected from various research papers, conference proceedings, published books, websites, annual reports of listed companies etc. The data from annual reports will be collected for the 5 years for each company.

4.8 Statistical Techniques: The collected data will be analysed by applying the possible techniques such as mean, percentage, regression, correlation, t test, factor analysis, Kruskal-Wallis test etc. as per the requirements.

4.9 Relevance of the Study: The corporate risk disclosure practices in Indian corporate sector have major concern in business. This study is expected to be of immense utility to academicians as well as practitioners. This study can aid national standards in improving corporate risk reporting practices and hence reducing the risk information gap: the gap between risk disclosure actually reported and investors' expectations of risk disclosure to be reported in corporate annual reports.

4.10 Organization of the Study

The study is proposed to be organized in the following chapters:

4.10.1 Introduction: In this chapter, overview of corporate risk disclosure, major determinants of the corporate risk disclosure, importance of corporate risk disclosure etc. will be given.

4.10.2 Review of Literature: In this chapter, literature related to topic will be reviewed to support the present study. With the help of review research gap will be highlighted.

4.10.3 Research Methodology: This chapter will explain the research process to be followed to achieve the objectives of the study. It will also contain the information on all the statistical tools to be used for analysing and interpretation of data during the course of the study.

4.10.4 Analysis and Interpretation: This chapter will be dealing with analysis of collected data to achieve the objectives of the study.

4.10.5 Major Findings and Recommendation: This chapter will summarize the major findings of the study. It will also provide some recommendations based on research findings.

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Appendices

5. References

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Signature of Supervisor **Signature of Candidate**

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Signature of Chairperson of the Department

(With official Seal)